

Last week I was both surprised and pleased when the Supreme Court upheld lower court decisions requiring the Federal Reserve Bank to comply with requests for information made by Bloomberg under the Freedom of Information Act ("FOIA"). Bloomberg simply wanted to know who received loans from the Fed's discount window in the aftermath of the 2008 financial market crisis, and how much each entity received. Surely this is basic information that should be available to every American taxpayer. But the Fed fought tooth and nail all the way to the Supreme Court to preserve their privileged secrecy. However, transparency and openness won the day. There are some 29,000 pages to decipher, but a few points stand out initially.

The Fed lent huge sums of our money to foreign banks. This in itself was not surprising, but the actual amount is staggering! In one week at the height of the crisis, about 70% of the money doled out went to foreign banks. We were told that bailing out banks was going to stave off a massive depression. Depression for whom? We now know that the Fed's bailout had nothing to do with helping the American people, who have gotten their depression anyway with continued job losses and foreclosures. But now we learn that a good deal of the money did not even help American banks!

In light of recent world events, perhaps the most staggering revelation is that quite a bit of money went to the Arab Banking Corp., in which the Libyan Central Bank owned about a third of its stock. This occurred while Libya, a declared state sponsor of terrorism, was under strict economic sanctions! How erratic the US must appear when we shower a dictator alternately with dollars and bombs! Also, we must consider the possibility that those loans are inadvertently financing weapons Gaddafi is using against his own people and western militaries. This would not be the first time the covert activities of the Fed have undermined not only our economy and the value of the dollar, but our foreign policy as well.

Of course I can't say I'm surprised by the poor quality of the data provided by the Fed. The category of each loan made, whether from the "Primary Discount Window", the "Secondary Discount Window," or "Other Extensions of Credit," is redacted. Thus, we don't know with certainty how much discount window lending was provided to foreign banks and how much was merely "other extensions of credit". Also, some of the numbers simply do not seem to add up. We are of course still wading through the massive document dump, but it does seem as though several billions of dollars are unaccounted for.

As the world economy continues to falter in spite of - or rather because of - cheap money doled out by the Federal Reserve, its ability to deceive financial markets and American taxpayers is

coming to an end. People are beginning to realize that when the fed in effect doubles the worldwide supply of US dollars in a relatively short time, it has the effect of stealing half your money through reduced purchasing power. Rapid inflation will continue as trillions in new money and credit recently created by the Fed flood into the commodity markets.

It is becoming more and more obvious that the Fed operates for the benefit of a few privileged banks, banks that never suffer for bad decisions they make. Quite the opposite - as we have seen since October 2008, under our current monetary system politically-connected banks are paid to make bad decisions.